

## Definitions

| TERM                               | DEFINITION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| ADDITIONALITY                      | In the context of carbon crediting, emission reductions or removals from a mitigation activity are additional if the mitigation activity would not have taken place in the absence of the added incentive created by the carbon credits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| CANCELLATION                       | Cancellation refers to the transfer of a carbon credit to a registry account that permanently removes the carbon credit from circulation, so that it is not possible to use the carbon credit for any purpose. Cancellation may involve different purposes, such as the fulfilment of mandatory obligations (e.g., under CORSIA) or voluntary goals (e.g., to achieve carbon neutrality). Note that some carbon crediting programs also use the terms "retirement" or "surrender" and differentiate the terminology according to the purpose for which the carbon credit is removed from circulation. In this methodology, only the term "cancellation" is used to cover all purposes.                                                                                       |
| CARBON CREDIT                      | An emission unit that is issued by a carbon crediting program and represents an emission reduction or removal of greenhouse gases. Carbon credits are uniquely serialized, issued, tracked and cancelled by means of an electronic registry.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| CARBON CREDITING PROGRAM           | An organization that registers mitigation activities and issues carbon credits for the emission reductions or removals achieved by the mitigation activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| CORRESPONDING ADJUSTMENT           | An accounting entry applied in the context of Article 6 of the Paris Agreement in order to account for the international transfer of mitigation outcomes and avoid double counting of emission reductions or removals. A country transferring emission reductions or removals makes an addition to the total emissions covered by its NDC, and the country acquiring and using the emission reductions or removals makes a subtraction. Corresponding adjustments thereby aim to ensure that the transferring country can no longer use the emission reductions or removals to achieve its NDC, whereas the acquiring country may use them.                                                                                                                                  |
| CREDITING BASELINE                 | The emissions level against which emission reductions or removals of a mitigation activity are determined.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| DECISION TO PROCEED WITH A PROJECT | The date on which the project owner committed to expenditures related to the implementation of the project (e.g., the date when contracts for the purchase or installation of the equipment required for the project have been signed). In the case where a project does not involve expenditure, it refers to the date when the first actions were taken to implement the project (e.g., the discontinuation of the use of land so that natural revegetation or succession may occur).                                                                                                                                                                                                                                                                                      |
| DOUBLE CLAIMING                    | A situation in which the same emission reduction or removal is claimed by two different entities towards achieving mitigation targets or goals: once by the country or jurisdiction where the emission reduction or removal occurs by reporting lower emissions or higher removals when tracking progress and demonstrating achievement of its mitigation target or goal, and once by the entity using the carbon credit.                                                                                                                                                                                                                                                                                                                                                    |
| DOUBLE COUNTING                    | A situation in which a single greenhouse gas emission reduction or removal is counted more than once towards achieving mitigation targets or goals. Double counting can occur through double issuance, double use and double claiming.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| DOUBLE ISSUANCE                    | A situation in which more than one carbon credit is issued for the same emission reduction or removal. Double issuance leads to double counting if more than one of these carbon credits is counted towards achieving mitigation targets or goals. Some programs and stakeholders also refer to double registration - the registration of the same project under two different carbon crediting programs or twice under the same program. Double registration can lead to double issuance if carbon crediting programs do not implement proper controls to ensure that, if a project is registered with more than one program, carbon credits are cancelled by one program before carbon credits are issued by another program for the same emission reductions or removals. |
| DOUBLE USE                         | A situation in which the same carbon credit is counted twice towards achieving mitigation targets or goals (e.g., if two entities claim emission reductions or removals from the cancellation of one carbon credit).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| LEAKAGE                            | The net change of greenhouse gas emissions or removals that are attributable to the mitigation activity but occur outside the boundary of that activity. These include, for example, indirect emission changes upstream or downstream of the mitigation activity or rebound effects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| LEGAL REQUIREMENT                  | Laws, statutes, regulations, court orders, decrees, executive orders, permitting conditions or any other legally binding mandates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MITIGATION ACTIVITY                | An activity that reduces anthropogenic emissions of a greenhouse gas or maintains or enhances removals by sinks. Mitigation activities can be implemented at different scales and could be projects, programmatic approaches or policies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| NON-PERMANENCE                     | Non-permanence refers to a situation where the emission reductions or removals generated by the mitigation activity are later reversed, for example, due to a natural disaster or project mismanagement. The mitigation activity thus only results in a temporary greenhouse gas benefit for the atmosphere.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| OFFSETTING                         | The compensation of an entity's emissions with climate mitigation outcomes that are achieved outside of the accounting boundaries of that entity.                                                                                                                                                                                                                                                                  |
| QUANTIFICATION METHODOLOGIES       | Documents established by a carbon crediting program to quantify a project's net emission reductions or removals. These documents are often named by carbon crediting standards as baseline and monitoring methodologies, tools, protocols, or methodological guidelines.                                                                                                                                           |
| NORMATIVE PROGRAM DOCUMENTS        | The documents adopted under a carbon crediting program that specify requirements, procedures, and administrative and operational aspects of the program. This typically includes standards (such as quantification methodologies), procedures, manuals, guidance documents, and forms.                                                                                                                             |
| PROGRAM PROVISIONS                 | The requirements, guidance and procedures included in normative documents adopted under a carbon crediting program.                                                                                                                                                                                                                                                                                                |
| PROJECT                            | A mitigation activity implemented at one or several specific sites that is registered, or seeking registration, with a carbon crediting program for the purpose of receiving carbon credits for emission reductions and removals. This does not include mitigation activities implemented at the scale of sectors (e.g., jurisdictional REDD+) or crediting the adoption or implementation of government policies. |
| RESULTS-BASED CLIMATE FINANCE      | A financing approach under which a donor disburses funds upon the achievement and independent verification of a pre-agreed set of results. Some donors use the delivery and subsequent cancellation of carbon credits as a vehicle to disburse results-based climate finance. In this case, the donor does not use the emission reductions or removals to achieve its own mitigation targets or goals.             |
| VALIDATION AND VERIFICATION ENTITY | An independent third-party entity that assesses whether a project requesting registration conforms to all program requirements (often referred to as validation) and whether a request for issuing carbon credits conforms to all program requirements (often referred to as verification). Verification and validation entities are often also referred to as auditors.                                           |

## Carbon Credit Quality Criteria

What makes a high-quality carbon credit is not a simple question. The Carbon Credit Quality Initiative (CCQI) e.g., uses seven quality objectives that should be considered when assessing the quality of carbon credits. Each quality objective comprises several criteria and sub-criteria that assess specific quality features.

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| ROBUST DETERMINATION OF THE GHG EMISSIONS IMPACT | The emission reductions or removals are "additional" (i.e., they would not have taken place without the added incentive from carbon credits) and are robustly quantified.                                 |
| AVOIDING DOUBLE COUNTING                         | The emission reductions are not double counted (i.e., they are not used more than once to achieve climate targets or goals).                                                                              |
| ADDRESSING NON-PERMANENCE                        | The credit has zero risks of the underlying climate benefit being lost (e.g., stored carbon being released through natural or human-caused impacts) – or has adequate provisions to mitigate those risks. |
| FACILITATING THE TRANSITION TOWARDS NET ZERO     | The mitigation project contributes toward the adoption of low, zero, or negative emissions activities and avoids lock-in of technologies and practices that lead to continuous GHG emissions.             |
| STRONG INSTITUTIONAL ARRANGEMENTS                | Strong institutional arrangements of the carbon crediting program ensure good practice in governance, transparency, and third-party auditing.                                                             |
| POSITIVE ENVIRONMENTAL & SOCIAL IMPACTS          | Robust safeguards prevent negative impacts and ensure the project contributes to sustainable development and improves adaptation & resilience.                                                            |
| CLIMATE AMBITIONS OF HOST COUNTRIES              | The project's host country has committed to global temperature goals and is pursuing an ambitious NDC.                                                                                                    |